

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING**

**Call to Order:** By **CHAIRMAN DAVE KASTEN**, on January 30, 2003 at 8:30 A.M., in Room 350 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Kasten, Chairman (R)  
Sen. Tom Zook, Vice Chairman (R)  
Rep. Christine Kaufmann (D)  
Sen. Jon Tester (D)

Sen. Joseph (Joe) Tropila (D)  
Rep. John Witt (R)

**Members Excused:** Sen. Bob Keenan (R)

**Members Absent:** None.

**Staff Present:** Catherine Duncan, Legislative Branch  
Jane Hamman, OBPP  
CJ Johnson, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted:

Executive Action: HB 6, 7, and 10

HOUSE BILL 6, RENEWABLE  
RESOURCE GRANT & LOAN APPLICATIONS;  
HOUSE BILL 7 & 10, RECLAMATION &  
DEVELOPMENT GRANTS PROGRAM

**CHAIRMAN KASTEN** opened the committee hearing for executive action on HB 7 & 10, and informed the committee that HB 6 needs to be reopened.

**EXECUTIVE ACTION ON HB 6**

**Motion/Vote:** SEN. ZOOK moved TO OPEN HB 6 FOR DISCUSSION. Voice vote was taken. Motion carried unanimously.

**CHAIRMAN KASTEN** asked for a motion to strike language on page 1, line 16, \$125,000, and insert \$220,932 in HB 6. He said after executive action was taken on January 23, the Richland Project was short \$7,649. The motion will take the \$7,649 from the emergency fund and place it back into the project grants. He distributed an amendment that shows updated language.

**EXHIBIT(jlh20a01)**

**Motion/Vote:** SEN. ZOOK moved TO TAKE THE \$7,649 FROM THE EMERGENCY FUND AND PLACE IT BACK INTO THE PROJECTS PROGRAM TO FUND RICHLAND PROJECT THE FULL \$50,000. Motion carried unanimously.

**Motion/Vote:** REP. WITT moved THAT HB 6 DO PASS AS AMENDED. Motion carried unanimously.

**EXECUTIVE ACTION ON HB 10**

**CHAIRMAN KASTEN** asked for a motion to open HB 10 for discussion. On page 1, line 22, following (a), to strike "on April 1 of each year" and insert "annually in due course." **CHAIRMAN KASTEN** said the amendment allows the department to make the payments when the funds become available.

**EXHIBIT(jlh20a02)**

**Motion/Vote:** SEN. TROPILA moved TO ADOPT THE AMENDMENT for HB 10, PAGE 1, LINE 22, TO STRIKE "APRIL 1 OF EACH YEAR", AND INSERT "ANNUALLY IN DUE COURSE". Motion carried unanimously.

**Motion/Vote:** SEN. ZOOK moved THAT HB 10 DO PASS AS AMENDED. Motion carried unanimously.

**EXECUTIVE ACTION ON HB 7**

**Motion:** REP. WITT made the motion to open HB 7 for discussion. He said there are expert witnesses here to testify on the Carbon Sequestration Program that was discussed at the January 29, 2003 hearing. REP. WITT asked **Mark Lindberg, Governor's Office of Economic Opportunity**, to discuss the Carbon Sequestration Program, and **John Tubbs, Bureau Chief, Resource Development Bureau, DNRC**, to inform the members regarding the funding for the Carbon Sequestration Program.

**Cathy Duncan, Associate Fiscal Analyst**, distributed two worksheets (Exhibit 3 & 4), for the committee members to follow during **Mr. Lindberg's** informational testimony.

**EXHIBIT(jlh20a03)**

**EXHIBIT(jlh20a04)**

**Discussion:**

**Mr. Lindberg** distributed an informational summary (Exhibit 5), titled; Growing Carbon "Applying Market Based Conservation through Carbon Sequestration", and a brochure on National Carbon Offset Coalition (NCOC), which is one of three organizations selected nationally by the Environmental Protection Agency (EPA), and the Natural Resources Conservation Service (NRCS) to develop pilot greenhouse gas projects for forestry, cropland, and agroforestry.

**EXHIBIT(jlh20a05)**

**John Tubbs, Bureau Chief, Resource Dev. Bureau, DNRC**, said HB 7 has \$2.4 million available from the Resource Indemnity Trust (RIT) funds. He said the recommendations presented on worksheet (Exhibit 4), where the asterisks are located on Programs 1, 2, 4, 8 and 10, indicate there is statutory allocation for mine reclamation and the oil and gas programs. He will present information to the committee at the end of the session the impact that HB 177 will have towards these programs if it doesn't pass.

**Ms. Hamman** said there is consideration that the executive branch, Governor Martz's office, is supporting HB 177, and felt it may occur at any time during the session. She said, "while the committee is looking at moving projects, they should be aware that another \$800,000 to \$1 million may disappear." If a few of the projects on (Exhibit 4) have been offered up, and those higher on the priority list are left remaining, then the order in which they will be placed will be very important." **CHAIRMAN KASTEN** reiterated **Ms. Hamman's** concerns.

**Mr. Tubbs** distributed and reviewed (Exhibit 6), stating the department's recommendations if HB 177 does pass, and the effects it will have on RDGP. The statutory allocations for the next two years will be reduced to \$500,000 a year for a total of \$1 million, down from the \$2.4 million that was requested. He said the department projects would be zeroed out based on information from the Board of Oil and Gas, and the Department of Environmental Quality (DEQ). He said HB 7 allows the funding for four projects: 1) Big Horn Conservation District, Groundwater monitor for Tongue and Powder River Watersheds, Project No. 5; 2) Town of Sunburst, Water supply renovation, Project No 6; 3) Montana Board of Oil and Gas Conservation, impounded coal bed methane, Project No. 7; and 4) Toole County, 2003 Plugging and Abandonment Aid to small independent operators, Project No. 9.

**Mr. Tubbs** said the result of the \$1 million that is left is due to the balance deficits. He said because of the 40 to 50 percent budget deficit, there will only be \$1 million available for RDGP. There is approximately \$6 million in appropriation authority for the RIT account which includes the grants. If HB 177 passes, there will be a \$2.4 million deficit in the account. By reducing the RDGP grants by \$1.4 million, and cutting \$502,000 from two prior year grants, the DNRC budget will be balanced.

#### **EXHIBIT (j1h20a06)**

**CHAIRMAN KASTEN** informed the committee he doesn't have a problem with the suggestions offered by Mr. Tubbs. He said the \$76,400 that is remaining will be enough for the Powell County Project, and he would like to see that adjustment.

**REP. KAUFMANN** asked, "If we are statutorily required to give this money to abandon mines and oil and gas projects, would a change to the statute be required?" **Ms. Hamman** responded. **Mr. Tubbs** said that would also be his recommendation. **CHAIRMAN KASTEN** said this will be a committee bill which is separate from HB 10. He said it will take a piece of the statute out and language added that would take place as a sunset by going back in. **REP.**

**KAUFMANN** asked what the Board of Oil and Gas had to say about this. **Mr. Tubbs** said he has visited with Tom Richmond, and they are satisfied if this action takes place. It will delay their program for two years, but they have a contingency fund for any emergency projects that may arise within the next two years.

**SEN ZOOK** asked if HB 177 takes the funds and places them into the general fund. **Mr. Tubbs** responded, "It takes the tax monies deposited into the account, not the interest money." **SEN ZOOK** said he isn't pleased with dumping one-time monies into the general fund, stating it wasn't good policy.

**CHAIRMAN KASTEN** said there will be an amendment with contingency language placed into the bill from 90-2-1113 MCA, striking subsection 2 and 3.

**REP. KAUFMANN** said if the money is currently in HB 10 that was just passed and includes Projects 4, 8, and 10, and asked, "How can we give the monies up two times?" **Mr. Tubbs** replied that HB 10 does not include the interest earning to the RIT trust account. DNRC said if HB 10 created a funding problem they could take those projects to balance their budget. **Mr. Tubbs** recommended the committee cut the two prior year grants which will leave \$500,000, and will fully fund the impact of HB 10. The other \$400,000 is the orphan share that DEQ administers.

**Mr. Tubbs** said he can cover HB 10 impacts through prior year grants which would leave the committee with \$2.4 million if the only bill that passes is HB 10. He said if HB 177 does pass, there will be a large deficit.

**Mr. Tubbs** discussed the CMC Powell County Roundhouse Brownsville grant; the Sheridan County Conservation District; the monies to fund these projects will come from cuts.

*{Tape: 1; Side: A; Approx. Time Counter: 10 - 20; Comments:}*

*{Tape: 1; Side: A; Approx. Time Counter: 20 - 30; Comments:}*

**Discussion:** The committee members asked questions and **Mr. Lindberg** and **Mr. Ted Dodge, Natural Resources Conservation Service, U.S. Department of Agriculture (NRCS)**, responded to the questions.

*{Tape: 2; Side: A; Approx. Time Counter: 2 - 30; Comments: }*

**Discussion:**

Committee members asked questions regarding the selling and buying of carbon credits. **Mr. Dodge** responded.

**Mr. Dodge** informed the committee of the various groups that support this program such as; MEIC, and the Nature Conservancy at the national level. He thanked the committee for allowing him to share this information with them.

**Rep. Tester** asked what the \$300,000 they have requested will be used for. **Mr. Dodge** said they will use it to promote one million tons of carbon credits on the market, which will leverage monies to expand their work in the cropland and agroforestry.

**Motion:** REP. WITT moved PROJECT No. 12, MONTANA GOVERNOR'S OFFICE PROJECT, GROWING CARBON "APPLYING MARKET-BASED CONSERVATION THROUGH CARBON SEQUESTRATION" UP BETWEEN PROJECTS No. 6 AND 7, below the town of Sunburst Project, and slide the remaining projects down.

*{Tape: 2; Side: A; Approx. Time Counter: 17 - 25; Comments:}*

**Motion:** REP. WITT moved TO FUND THE MONTANA GOVERNOR'S OFFICE, GROWING CARBON "APPLYING MARKET-BASED CONSERVATION" FOR THE FULL \$300,000 REQUESTED.

**Discussion:** REP. KAUFMANN asked if the Toole Co. project will be moved off of the list if the motion carries. CHAIRMAN KASTEN replied that was correct. Mr. Tubbs informed the committee that the Toole Co. Project for Independent Operators Program is for shut-in wells. He said that the Drumlummon Tailings and Goldsil/Argo Millsite project would move out of funding.

SEN. TROPILA asked Mr. Tubbs if the committee could take \$100,000 from the \$300,000 for the Governor's Office Project, and give Toole Co. the \$100,000. Mr. Tubbs said the committee could take the \$150,000 from Project No. 3, DNRC, Planning Grants, to fund Toole Co. Project No. 9.

REP. WITT confirmed his vote stating he is making the motion like Project 12 to be moved up between Projects 6 & 7, and move everything else down.

REP. WITT said for discussion with the committee to take \$150,000 from Project No. 3, and this would allow Toole Co. to stay in above the funding line.

**Motion:** REP. WITT withdrew from his original motion and re-stated the new motion.

*{Tape: 2; Side: A; Approx. Time Counter: 22 - 30; Comments:}*

**Motion/Vote:** REP. WITT moved THAT PROJECT #12 BE PLACED BETWEEN PROJECTS #6 & #7. Voice vote was taken. Motion carried unanimously.

CHAIRMAN KASTEN asked for a motion to move Projects No. 1, 2, 4, 8 & 10 below Project No. 9

**Motion/Vote:** REP. WITT moved TO MOVE PROJECTS NO. 1, 2, 4, 8, & 10 BELOW THE FUNDING LINE Project NO. 9. Voice vote was taken. Motion carried unanimously.

**{Tape: 2; Side: A; Approx. Time Counter: 25 - 28}**

**Discussion:** Mr. Tubbs discussed and reviewed (Exhibit 6) what the motions have done so far.

**{Tape: 2; Side: B; Approx. Time Counter: 0 - 6; Comments:}**

**Motion/Vote:** REP. WITT moved TO MOVE PROJECT NO. 1, The Department's Planning Grant, down to the number 12 spot. Motion carried unanimously.

**Motion/Vote:** REP. WITT moved TO TAKE THE \$150,000, DNRC, PLANNING GRANTS, PROJECT NO. 12, (Exhibit 4), TO FULLY FUND PROJECT No. 3, THE MONTANA GOVERNOR'S OFFICE, GROWING CARBON "APPLYING MARKET-BASE CONSERVATION THROUGH CARBON SEQUESTRATION" for \$300,000. Voice vote was taken. Motion carried unanimously.

Mr. Tubbs reviewed the spreadsheet (Exhibit 6) explaining to the committee, that the motions have left enough monies to fund the Drumlummon Mine Project for \$276,000.

CHAIRMAN KASTEN asked for a motion to take \$76,400 from the Drumlummon Mine Project No. 9, and place this fund in the Powell County Project for the CMC Roundhouse Site Cleanup.

**Discussion:**

Mr. Tubbs suggested the committee make a condition that the CMC Real Estate not benefit from the transfer of this land to Powell County. He said this is a huge responsibility, if CMC Real Estate wants money from this transfer, then they should clean it up. He said if Powell County doesn't want to take on the responsibility to clean the site, he suggested the committee take this money and fully fund the Drumlummon Project. Mr. Tubbs said rather than cutting the Drumlummon Mine project by \$300,000, the committee could move the Powell County Project in between Projects No. 8 & 9. The \$76,000 would automatically move into the Powell County Project.

SEN. ZOOK said a substitute motion will not work to take care of this, but make the grant subject to the transfer of the property.

Mr. Tubbs said rather than cutting the Drumlummon Mine of the \$300,000, the committee could move the Powell Co. Project between Projects No. 8 & 9.

**Motion/vote:** SEN. ZOOK moved TO MOVE CMC POWELL CO. PROJECT UP BETWEEN PROJECTS No. 8 & 9. THE NEW AMOUNT WILL BE \$76,400 FOR

**THE POWELL CO. PROJECT.** This motion is contingent on the company transferring the property to Powell Co. Voice Vote was taken.

**Motion carried unanimously.**

**Motion/Vote:** SEN. ZOOK moved **THAT HB 7 DO PASS AS AMENDED.** Voice vote was taken. **Motion carried unanimously.**

**Discussion:** Mr. Tubbs said due to the impact the motions have made on the Blue Bird Mine Reclamation, Project No. 10, that a new committee bill should be requested.

**REP. KAUFMANN** asked if this is a two-year change, or if it would revert back without any action from the committee. **CHAIRMAN KASTEN** said, "It is a two-year reversion, which will come back in the next session the way it is now without the amendment that the committee is doing now."

**Motion/Vote:** REP. KASTEN moved **TO PREPARE A COMMITTEE BILL CHANGING THE PRIORITIES FROM 90-2-1113.** This is a two-year reversion and will come back in the next session the way it is now without the amendment that the committee is doing now. Voice vote was taken. **Motion carried unanimously.**

**CHAIRMAN KASTEN** closed the hearing on executive action for HB 6, 7, & 10.



**ADJOURNMENT**

Adjournment: 10:45 A.M.

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REP. DAVE KASTEN, Chairman

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Claudia Johnson, Secretary

DK/CJ

**EXHIBIT** (j1h20aad)